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ALASKA ECONOMIC TRENDS

February 1990

Bethel— Hub of S.W. Alaska

Alaska's Discouraged Workers

Economic Indicators Moving in Different Directions

ALASKA DEPARTMENT OF LABOR STEVE COWPER, GOVERNOR

ALASKA ECONOMIC

TRENDS

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Alaska Economic Trends is a monthly publication dealing with economic-related issues of Alaska. Opinions and analyses expressed by guest authors may not be consistent with those of the Alaska Department of Labor.

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1990 CENSUS

ALASKANS COUNT

Cover design by Jim Fowler

MADE in ALASKA

Bethel – The Economic Center of Southwestern Alaska

by Holly Stinson

> "In Bethel, subsistence meets the cash economy. People whose parents grew up living off the land, who still get quite a bit of their annual supply of groceries hunting and fishing, meet people who invented the stock market, the supermarket and the balloon mortgage payment."
>
> -Mary Lenz in *Bethel, The First 100 Years.*

Bethel is the largest town in Southwestern Alaska and serves as a regional hub for more than 50 villages. In Bethel, Yup'ik Eskimos have lived side by side with white Americans since Moravian missionaries founded the town in 1885. Located across the Kuskokwim River from an Eskimo trading post, the missionaries soon found themselves operating a trading post in order to obtain necessities for living. Today Bethel continues the tradition of serving as the region's main trading point.

Bethel serves as a regional hub for more than 50 villages

Bethel is the Largest of Alaska's Rural Communities

Who lives in Bethel today? The Alaska Department of Labor's 1988 estimate for Bethel's total population is 4,390 — making it the largest of the off-the-highway, rural communities. Since 1980, Bethel's population has grown 22%. According to the 1980 census, two-thirds of the town's residents are Alaska Natives. In the surrounding area, Alaska Natives make up a higher percentage of the population--84%.

This article focuses on the city of Bethel. However, many statistics are either not reliable or not available for just the city of Bethel. Therefore, reference is also made to the Bethel census area (which includes the city of Aniak and 34 villages) and the Wade Hampton census area which is just north of Bethel. These two census areas make up the Lower Yukon-Kuskokwim Delta region. Bethel is the transportation, education and services center for the entire Delta region.

Kuskokwim River Key to Bethel's Development

The key to Bethel's development as a regional center is its location on the Kuskokwim River. Bethel's port is the only one in the area — indeed, the only river port in Alaska — capable of receiving oceangoing barges. Because of the high cost of air freight, almost all supplies for Bethel and the outlying villages come by water through the port. Bethel's port provides jobs handling and distributing over 12,000 tons of freight annually. A separate petroleum port handles almost 12 million gallons of heating oil and transportation fuels annually.

But Bethel's pride as a port city is also its plague. Riverbank erosion, caused mainly by thawing permafrost, has claimed several acres of waterfront property in Bethel. Gone is the original air strip, territorial school, cemetery, and Moravian mission. Attempts to mitigate the erosion with seawalls have met with

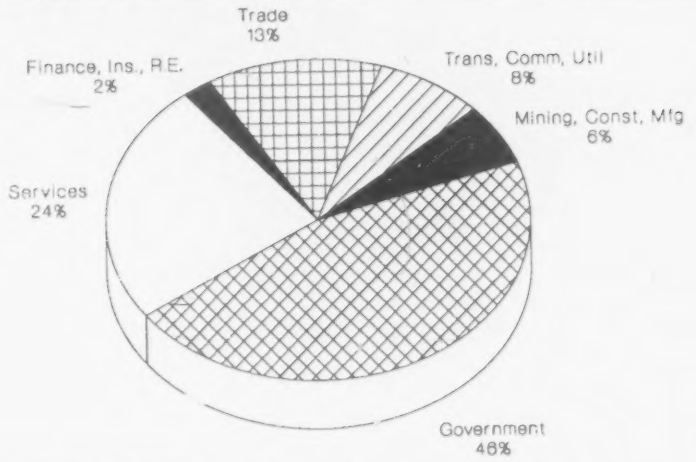
mixed success. This past summer $800,000 in emergency federal funds were devoted to adding rock along the seawall, and more is needed.

Airport is 5th Busiest in State

Water transportation, once Bethel's main link to the rest of the world, has been joined in importance by air transportation. Bethel's airport is now the fifth busiest in the state. Takeoffs and landings at Bethel's airport are outnumbered by Merrill Field and the International Airport in Anchorage, and the Fairbanks and Juneau airports. Even though Bethel is the region's transportation hub, this industry only accounts for 8% of the town's jobs.

Figure 1

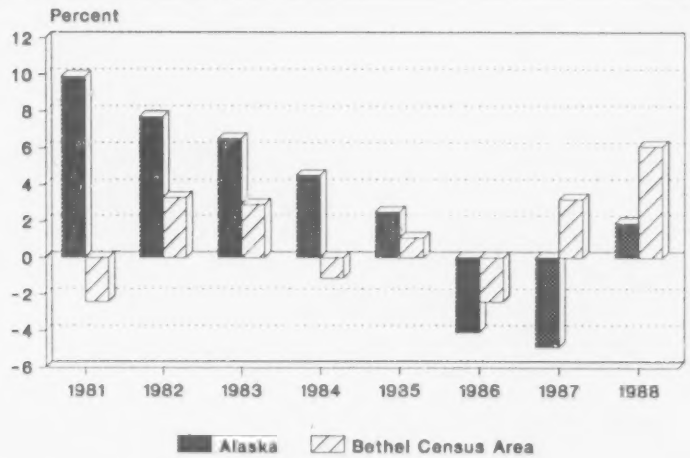
City of Bethel
Employment by Industry* 1988



* Adjusted for school and health care jobs known to be outside Bethel.
Source: Alaska Department of Labor, Research & Analysis Section.

Figure 2

Percent Change in Employment
Alaska & Bethel Census Area



Source: Alaska Department of Labor, Research & Analysis Section.

Bethel's Economy Differs from Urban Parts of State

Just two industry sectors — services and government — account for a whopping 70% of wage and salary employment in the city of Bethel. (See Figure 1.) These two sectors paid 78.6% of the Bethel census area's $87.7 million payroll in 1988. Because so many jobs are with government, and because government jobs tend to be year-round, Bethel's economy doesn't experience the seasonal swings in employment that other areas do.

And because Bethel's economy relies so heavily on government employment, it did not experience as severe a boom and bust in the 1980s as the rest of the state — especially urban areas. (See Figure 2.) Bethel actually lost jobs during two of the years when the state was growing, and then gained jobs in 1987 when overall employment in Alaska was shrinking. Government and services (which includes many firms operating on government funds) are the sectors which account for these movements.

Bethel's employment picture differs from other areas in another aspect. In four out of the last five years, jobs reached their peak in the fourth quarter of the year. Urban areas, and many other rural areas, reach a peak during the late summer months (third quarter). Bethel's employment peaks in the October-November-December period because school enrollment is at its highest, boosting local and state education jobs. Retail trade employment is also at a high level then.

Government Jobs Close to Half of Total Employment

Government employment is 46% of all wage and salary jobs in the city of Bethel. (See Figure 1.) Looking at the

census area as a whole, government employment accounts for an even larger slice of the pie — 54% of the jobs are with federal, state, or local government. (See Table 1.) This share has held constant for the past five years. The one sector of government absent from Bethel, which is prominent in other parts of the state, is the military.

Bethel's local city government employs 125 people. In addition to the usual city services, Bethel's authorities also run some functions not provided by private enterprise. These include the local laundromat and a bowling alley.

Almost 1,000 additional local government jobs are with the Lower Kuskokwim School District. However, this number is misleading as the district encompasses 21 villages in addition to Bethel. According to the district's payroll department, about 30% of the employees, or 300 people, work in Bethel. The rest of the teachers, administrators, and support staff work in the outlying villages.

There are probably other agencies reporting employment in Bethel which is actually in the villages. For example, state and federal agencies report over 500 employees in Bethel; some of these jobs are likely in the outlying area.

About 100 of the state government jobs are with the local branch of the University of Alaska, the Kuskokwim Campus. Until 1980 when village high schools were built, Bethel was the place to go in the region for a high school education. Although no longer dominant in secondary education, Bethel remains a magnet for college students in the area.

Native Corporations Play An Important Role in Local Economy

Government funds also flow into Bethel through the Native Corporations. The regional Native nonprofit corporation, Association of Village Council Presidents (AVCP), is headquartered in Bethel. During the fiscal year ending 9/30/89, AVCP dispensed approximately $6 million in grants and contracts to deliver housing, social and health services throughout the region.

Table 1

Bethel Census Area Wage & Salary Employment – 1980-88

	1980	1981	1982	1983	1984	1985	1986	1987	1988
Nonag. Wage & Salary	3,555	3,467	3,583	3,958	3,912	3,958	3,862	3,986	4,231
Mining	*	*	*	*	*	*	*	*	*
Construction	132	171	143	155	129	135	77	14	31
Manufacturing	56	69	13	66	84	82	125	213	185
Transportation	227	229	234	242	255	218	191	223	231
Trade	391	367	390	402	385	388	411	403	391
Finance, Ins. & R.E.	117	129	152	179	173	167	195	180	191
Services	996	745	659	727	736	740	713	744	877
Government	1,580	1,707	1,879	2,107	2,113	2,165	2,101	2,165	2,304
Federal	444	427	401	448	430	349	291	300	290
State	189	218	241	260	243	266	266	252	277
Local	948	1,062	1,237	1,399	1,440	1,551	1,544	1,614	1,736
Miscellaneous	*	*	*	*	*	*	*	*	*

* Nondisclosable

Subtotals may not add to totals due to rounding.

Source: Alaska Department of Labor, Research & Analysis Section.

Almost 80% of AVCP's annual budget is federally-funded, coming from the Bureau of Indian Affairs, Department of Health and Human Services, and Department of Labor. The Department of Housing & Urban Development also funds programs through the AVCP Housing Authority.

Many Alaska Natives in Bethel are shareholders in the Bethel Native Corporation (BNC), a village corporation created by the Alaska Native Claims Settlement Act of 1971 (ANCSA). They have invested heavily in Bethel, building a large office complex, a fish processing plant (which is leased by a private firm), apartments and a housing subdivision. The corporation has paid a dividend to its shareholders in each of the last three years, injecting cash into Bethel's economy. The dividend is small, but it has increased 10% each year.

Unlike BNC, the regional ANCSA-created corporation, Calista, does not have a physical presence in Bethel. Most of Calista's investments are outside the Bethel area. It leads all other Alaska Native regional corporations in enrollment with 15,788 members, and covers the Bethel and Wade Hampton census areas.

Health Care is Big Business in Bethel

Bethel is the center of a health care network responsible for almost 20,000 people in an area comparable in size to the state of Utah. One out of every six salaried jobs in the city of Bethel is in this field. The federal Indian Health Service funds the Yukon-Kuskokwim Delta Regional Hospital, the only one in the region.

In addition, the Yukon-Kuskokwim Health Corporation, funded with federal and state money, operates the medical records department and some of the hospital's laboratories. The Y-K Health Corp. also offers dental and mental health services, several training programs and the village health aide program. Their various programs employ about 200 people in Bethel, with another 175 spread throughout the villages.

Kuskokwim's Salmon Harvest Important Locally

After covering Bethel's jobs in the government and services sectors, what's left? Fur trading has faded from importance, but another early economic activity, salmon fishing, continues to bolster Bethel's economy. The value of the Kuskokwim River's commercial salmon harvest contributes only 1-2% to the statewide salmon value. But locally the industry employs many fishermen (162 Kuskokwim salmon permits were issued to Bethel residents in 1989). Processing those salmon creates up to 300 jobs during the peak summer months. And a fish tax brings money into the city coffers.

Last summer's season got off to a slow start when many fishermen went on strike for higher salmon prices. (Overall prices were 1/2 to 1/3 lower than 1988's record-setting prices.) The value of this year's Kuskokwim commercial salmon harvest was pegged at $5.2 million. While this is less than half 1988's record value of over $12 million, 1988's prices were unusually high. For comparison, the value of the catch in 1987 was $6.4 million.

Perhaps just as important as the commercial salmon harvest to many Bethel residents is the subsistence salmon harvest. Most Bethel residents work for wages, but many of those who work for cash also count on subsistence food to sustain them both physically and spiritually. A 1980 survey found that 70% of Bethel households participated in at least one type of subsistence activity (fishing, hunting, or gathering).

Tourism Is a Small Slice of Bethel's Economic Pie

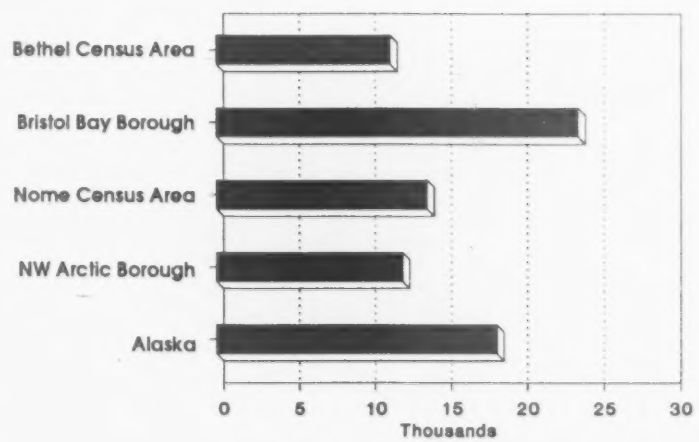
Tourism makes headlines, and money, for many of the state's regions. For the most part, tourism has bypassed Bethel. The main drawing card, the 20-million acre Yukon Delta Wildlife Refuge, only attracts a couple hundred serious bird-watchers each year. But efforts are being made to increase tourism. The refuge is building a museum and bookstore at its headquarters in Bethel, and a small tour operator began one-day city tours last summer. Other tours — to Nome, Kotzebue and Barrow — have proven popular, and Bethel hopes to grab its share of the market.

Unemployment High, Income Low

Not everyone who wants to work can find a job in Bethel. The unemployment rate for the Bethel census area has been slightly below the statewide average. However, these unemployment rates are misleading. Not

Figure 3

Per Capita Income 1987



Source: U.S. Department of Commerce, Bureau of Economic Analysis.

counted as unemployed are people who have not sought work during the past four weeks. Rural localities probably have proportionately more of these discouraged workers. Discouraged workers are those willing to work who have not sought work because of their knowledge that few (or no) job opportunities exist locally. (See article on Alaska's discouraged workers below.)

Although Bethel's economy includes many well-paying jobs, the high incidence of unemployment along with the lower-paying jobs contribute to make the Bethel census area's per capita income lower than the state average. (See Figure 3.) In fact, the only region with a lower per capita income is the neighboring Wade Hampton census area.

Also lagging is the average monthly wage for the Bethel census area. The annual average monthly wage is about three-fourths of the statewide average, and follows the per capita income pattern as being the second lowest in the state. But many Bethel residents receive support which is not taken into account in statistics. Subsistence hunting and fishing, trapping and handicrafts all contribute to residents' personal economies.

Bethel —
The Hub of Southwest Alaska

Bethel is the largest town in Southwestern Alaska and the most populated of Alaska's off-the-road, rural communities. Its location on the Kuskokwim River has meant growth as a transportation center. In turn, Bethel has become the distribution center for education, health care, and other services for the Lower Yukon-Kuskokwim Delta region.

Employment in the government and services sectors accounts for close to half of all jobs in the area, and keeps the economy from experiencing large seasonal swings in employment.

For more than a century Bethel has played an important role as a hub for villages throughout Southwestern Alaska.

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Alaska's Discouraged Workers — Out of Work & Out of the Labor Force

By Brian N. Rae

The official definition of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.

Economy watchers have several yardsticks with which to measure the health of an area's economy. The Alaska Department of Labor's Research and Analysis Unit is responsible for preparing several of the indicators of economic health, including labor force and unemployment data.

The caveat at the beginning of this article is published in each issue of *Alaska Economic Trends*, in the Labor Force by Region and Census Area table. (See page

16 of this issue.) The determination of who is employed and unemployed is strictly defined by the U.S. Bureau of Labor Statistics.

For example, a person is considered employed if they are at least 16 years old and worked at least one hour for pay or profit or at least fifteen unpaid hours in a family business during the week which includes the 12th of the month. Also included as employed are those persons on vacation, or absent from work because of illness, personal reasons, labor disputes, or inclement weather. This definition, although not perfect, does not present a problem for most economy watchers.

Official Unemployment Numbers Exclude Discouraged Workers

The definition of the unemployed, however, is more restrictive and excludes some persons who would accept a job. To be considered unemployed, a person must have been available to work and must have actively sought work at some time during the last four weeks, or the person must be waiting to be recalled or will report to a new job within 30 days. The requirement that a person actively seek work excludes many Alaskans from being counted among the officially unemployed.

Those persons who could, and would, take a job if one were available but have not actively sought employment (and therefore are not officially unemployed) are called discouraged workers. Counting discouraged workers would not be a problem if discouraged workers were distributed proportionately throughout the country, across all areas and throughout all age and races. If this were the case, the unemployment rates, while not giving the actual percentage of persons out of work, still could be used to compare the economic health of different areas or the same area over time. However, discouraged workers are not equally represented in all regions, age and race groups.

The Current Population Survey: A Source for Discouraged Worker Data

The most readily available source of information on discouraged workers is the Current Population Survey (CPS). The U.S. Bureau of the Census conducts this survey monthly throughout the country. At the request of the Alaska Department of Labor, the U.S. Bureau of Labor Statistics provided CPS survey responses for 1985 through 1988. On average, 1,600 Alaskans over the age of 15 answered the CPS survey each month during these years. The questions which identify discouraged workers were asked of only one-quarter of these survey respondents in any given month, or about 400 persons.

Before analyzing the data on discouraged workers available from the CPS, the reader needs to be aware of some of its limitations. The small survey size leaves some large margins for error in the monthly data. By combining several years worth of data, certain results of our tabulations are significant. Still, the results published in this article should not be taken as absolute numbers. They only indicate the severity of the problem and demonstrate how different populations are affected. Also, some of the labor force and unemployment numbers will differ from those published in other issues of *Alaska Economic Trends*. Many reasons account for this, and ***these numbers do not replace any number previously released by the Alaska Department of Labor.***

There are shortcomings inherent in the CPS data. The CPS only identifies a respondent's race as 'white', 'black' or 'other'. Because blacks make up such a small percentage of Alaska's population, computing the number of black discouraged workers is statistically meaningless since the potential error is larger than the total number of discouraged workers. For this reason, blacks and others were combined. This allows comparisons between whites and nonwhites.

Table 1

CPS Computed Population and Labor Force Data 1985-1988 Average [1/]

	16+ Years Population	Labor Force	Employed	Unemployed	Unemployment Rate	16 Years and Over Who Want a Job	Discouraged Workers	Unemployment Rate w/ Discouraged Workers
White Male	134,800	114,800	103,700	11,100	9.7%	2,900	1,000	10.4%
White Female	135,500	90,600	83,700	6,900	7.6	5,700	900	8.5
White Total [2/]	270,300	205,300	187,400	18,000	8.8	8,600	1,900	9.6
Nonwhite Male	36,500	25,100	20,000	5,100	20.3	5,500	4,400	32.2
Nonwhite Female	41,100	23,100	19,500	3,600	15.6	3,800	1,700	21.4
Nonwhite Total [2/]	77,700	48,200	39,500	8,700	18.0	9,300	6,100	27.3
Total [2/]	347,900	253,500	226,900	26,700	10.5	17,900	8,000	13.3

1/ The numbers in this table DO NOT REPLACE any previously released by the Alaska Department of Labor Research and Analysis Unit or the U.S. Department of Labor, Bureau of Labor Statistics.

2/ Totals may not add due to rounding.

Source: Alaska Department of Labor, Research and Analysis As Extracted from U.S. Dept. of Labor- Current Population Survey

The CPS data available to the Alaska Department of Labor does not indicate where a person is living. Because of this, there was no way to prove that rural areas have a higher percentage of discouraged workers than urban areas. However, the results **imply** that rural areas have a higher percentage of discouraged workers than urban areas.

1985 to 1988: An Official Unemployment Rate of 10.5%

Table 1 shows the results obtained from combining CPS data for 1985 through 1988 (48 individual months worth of data). During the four-year period, the CPS data shows an unemployment rate averaging 10.5% for the entire population. Of the averaged labor force of 253,500 people (the sum of the employed and unemployed), 26,700 were unemployed. Unemployment was not distributed equally between the two racial groups. While whites averaged an 8.8% unemployment rate, nonwhites had a rate more than double this level at 18%.

Male Unemployment Rate Higher than Female

It is also interesting to note that, in the two racial groups, males had significantly higher rates of unemployment than did females. Males often hold jobs in the more seasonal industries in Alaska, such as construction, logging, and oil and gas. Another reason for a lower female unemployment rate might be household responsibilities and child care, two reasons which exclude a person from being considered unemployed. The CPS data show that for those persons who wanted a job, a much larger percentage of females said they could not look for one because of child care or household responsibilities than did males.

17,900 "Out of Labor Force" Wanted A Job...

Other interesting results are found as we turn our attention to those persons outside the officially defined labor force. While there were 26,700 persons who were officially unemployed, an additional 17,900 persons said they wanted a job. For this latter group, further questions determined if they were a discouraged worker.

Table 2

Percentage of Discouraged Workers By Reasons for not Looking for Work By Racial Group 1/

	No Work Available	Can't Find Work	Lacked Education	Felt Too Young or Too Old	Handicapped
Nonwhite Female	75.1%	15.7%	3.2%	5.7%	5.2%
White Female	68.6	16.4	9.1	3.2	9.0
Nonwhite Male	93.8	7.0	3.3	5.0	2.9
Nonwhite Female	89.5	8.3	7.2	11.3	2.3
Total Population	87.7%	9.4%	4.8%	6.2%	3.8%

1/ The numbers in this table DO NOT REPLACE any previously released by the Research and Analysis Unit or the U.S. Department of Labor, Bureau of Labor Statistics.

Respondents could select multiple reasons for not looking, so rows will not add to 100%.

Source: Alaska Department of Labor, Research and Analysis
As Extracted from U.S. Dept. of Labor- Current Population Survey

If a person was in school, had family responsibilities, was ill, or could not find child care, then the person was considered unable to take a job and not a discouraged worker. To be considered discouraged the person had to have not looked for work for one of the following reasons: they felt there was no work available; they felt they could not find work; they felt they lacked education; they felt they were too young or old; or they felt they were too handicapped to hold a job.

...8,000 of which are Discouraged Workers

These criteria for being considered a discouraged worker are important. They separate those people who want a job but, due to personal circumstances, could not take one from those who could take a job. Looking at Table 1, of the 17,900 persons who wanted a job, 8,000 met the criteria for discouraged workers. This is over 8% of the population 16 years of age and over who are not considered to be in the labor force. The Bureau of Labor Statistics reports that, for the U.S. as a whole, less than 2% of those persons not in the labor force are considered discouraged workers.

The Biggest Reason for Discouraged Workers? No Work Is Available

Table 2 shows the reasons these 8,000 discouraged workers did not actively seek employment. The vast majority indicated there was no work available. The nonwhite population saw this as a problem slightly more often than the white population. Whites were twice as likely to say they could not find work as were nonwhites, but this reason was used much less often than the unavailability of work. The remaining reasons, because of the small sample size, are probably statistically insignificant.

Males and Nonwhites– A Large Number of the Discouraged

The 8,000 discouraged workers, like the unemployed, were not distributed evenly among the race and sex groups. Nonwhites, who made up only 22% of the 16 years and older population, accounted for over three-quarters of all discouraged workers. Males were much more likely to be discouraged than females. Finally, for those persons who were not officially unemployed but wanted a job, a higher percentage of nonwhites met the definition for discouraged workers than did whites. Of the 8,600 whites who wanted a job, only 22% were considered discouraged workers. This compares to nearly two-thirds of the nonwhites who said they wanted a job.

The differences in the proportions of discouraged workers for the two racial groups might be explained in several ways. Unfortunately, the CPS data does not provide answers to the question of why certain groups have a high incidence of being discouraged workers. By combining CPS data with other available information, however, there is a strong implication that a high number of discouraged workers are located in rural areas of the state.

Given that nonwhite populations have a much higher ratio of discouraged workers to those persons who want jobs, and that rural areas have a higher percentage of nonwhites in the population, it seems reasonable to

assume that discouraged workers make up a larger share of the total population in rural areas than in urban areas. Also, a large share of discouraged workers stated there was no work available. This implies a knowledge about local labor demand, which is easier to acquire in smaller rural labor markets than in larger urban centers.

Although the current system of computing unemployment rates is the best available, the official definitions undercount the total number of people available for work. If the above assumptions are correct, this undercount is worse for rural (that is, nonwhite) areas than for more urban (and white) areas of Alaska.

Including Discouraged Workers Boosts Statewide Unemployment Rate for Period to 13.3%

If discouraged workers were included in the unemployment picture, unemployment rates would change significantly. Referring again to Table 1, nonwhite unemployment which averaged 18% between 1985 and 1988 would increase to 27.3%, while white unemployment would increase from 8.8 to 9.6%. Total statewide unemployment, a determinant in the amount of Federal funding the state receives, would have increased from 10.5% to 13.3%.

Table 3 shows how Alaska's labor market would have been affected for each of the four years studied. 1985 and 1988 are somewhat similar in nature. Both were periods of economic growth, and both had lower numbers of discouraged workers than the other two years. Also, the ratio of discouraged workers to those persons who said they wanted a job were lower in 1985 and 1988 than in 1986 and 1987. During the periods of economic growth, slightly less than 40% of those who wanted a job were discouraged. In 1986 and 1987, one-half of those wanting jobs were discouraged.

Unemployment rates would have also increased by different, but substantial, amounts each year. The largest difference would have occurred in 1987 (the deepest point of Alaska's recession), with the 11.2% annual rate increasing to 14.4%. The smallest difference, during 1985 at 1.9%, still means the CPS unemployment rate understated the discouraged worker augmented unemployment rate by nearly 20% (12.3% compared to 10.4%).

Table 3

CPS Computed Labor Force Data 1985-1988 [1]/

	Labor Force	Unemployed	Unemployment Rate	16 Yrs. & Over Who Want A Job	Discouraged Workers	Unemployment Rate with Discouraged Workers
1985	252,000	26,300	10.4%	14,700	5,300	12.3%
1986	263,400	28,500	10.8	16,800	9,100	13.8
1987	255,900	28,700	11.2	19,100	9,500	14.4
1988	242,900	23,200	9.6	17,700	7,000	12.1

1/ The numbers in this table DO NOT REPLACE any previously released by the Research and Analysis Unit or the U.S. Department of Labor, Bureau of Labor Statistics.

Source: Alaska Department of Labor, Research and Analysis
As Extracted from U.S. Dept. of Labor- Current Population Survey

CPS Data Shows Problem with Rural Alaska Unemployment Rates

Analysis of the CPS data tends to substantiate many economists' beliefs regarding the problem of discouraged workers in the state. The problem is worse in Alaska than in the U.S. as a whole. Although many whites can be considered discouraged workers, the problem is more severe in Alaska's nonwhite population. The data does not allow a comparison between urban and rural areas, but many of the results point to the problem being worse in rural Alaska. If discouraged workers do make up a larger portion of the rural population, then Alaska's unemployment rates understate the problem of joblessness, especially in Alaska's rural areas.

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Economic Indicators Moving in Different Directions — Most of Them Good

By Brian N. Rae

November's overall employment scene seemed to have the direction right, with employment slightly down compared to October, slightly up compared to November of last year. While most industries followed this pattern, the unemployment rate did not behave quite as expected.

First, the unemployment rate. November is normally a transition month, with unemployment on its seasonal increase. Towards the end of the month, hiring begins for the holiday rush, stopping or sometimes reversing the unemployment rate increases of the past several months. This November did not follow these normal trends. Preliminary estimates show the unemployment rate declined for the second month in a row, with a rate of 6.9% for November.(See Table 4.)

Only the Gulf Coast region posted an increase, but this rise was much less than the September to October rise. Most of the increase occurred in Kodiak, and appears to be associated more with the lack of pollock and other bottomfish than with the demobilization of the Exxon Valdez cleanup crews. In fact, the Kenai Peninsula Borough's and Valdez-Cordova's rates were still below those of a year ago, while Kodiak's was more than two and a half times higher than last year's rate. Determining the impact of the oil spill cleanup on the Gulf Coast region's, and the state's, unemployment picture will be difficult. However, the fact that every region of the state posted an unemployment rate below last year's indicates that the oil spill was not the only reason the unemployment rate for November is the lowest it has been for that month since before 1976.

Anchorage Continuing a Strong Recovery

All regions of the state saw similar employment patterns during November — down over the month but up over the year. The Anchorage/MatSu region lost the smallest share of jobs over the month, dropping less than 2%.(See Table 2.) Both the wholesale and retail trade sectors were unseasonably strong, losing less than 1% while finance, insurance and real estate (F.I.R.E.) actually posted a very slight increase. An informal survey of Anchorage area retailers showed most having years as good as or better than 1988. The strength of trade and F.I.R.E. helped offset the normal decreases in the construction, transportation and manufacturing industries, which although down for the month posted healthy over the year gains. November's F.I.R.E. employment was still below levels of a year ago, but this was the only industry in the region not showing an increase over last year.

One large employer in the region suspended its operations during November, laying off over 150 employees. Valdez Creek Mining curtailed its gold mining operations, noting that the current weak world market for gold made continued operation unprofitable. At first there were rumors that the company would reopen if gold hit $400 per ounce. However, during December a representative of one of the mine's owners said the mine might reopen in April barring

unforeseen problems. While most everyone agrees this region was the one hardest hit by the recession, it now seems to be posting steady gains and is increasing its share of total state employment over its year ago share. (See Figure 1).

Gulf Coast Growth Slows Due to Bottomfish Closures

The Gulf Coast region nearly matched the statewide employment growth rate over the year, with a 3.5% increase. The gains would have been even larger had it not been for a large over the year drop in seafood processing employment. As processors predicted early in 1989, the targeting of pollock by several factory trawlers and the fishery's subsequent early closure caused the premature shutdown of many shore based plants. Reduced processing of king crab also held down the November employment figures. While statewide seafood processing employment is down about 3% over the year, the Gulf Coast region is down over 13% or about 250 jobs. If seafood processing employment had been the same as year ago levels, the Gulf Coast region would have posted over the year growth of nearly 5%. Like several other regions in the state, one big project continues to provide an economic stimulus to the economy. Work is still progressing on the Bradley Lake project. Since the project is over a year old, its effects on employment are not as noticeable in the over the year employment data. However, approximately 200 workers continue to be employed at Bradley Lake building the facility's powerhouse and transmission line.

Southeast and Interior Posting Slower but Steady Growth

The two industries which helped buoy the Southeast region in 1988 seem to have leveled off in 1989. Seafood processing employment took its usual decline between October and November, dropping by over one-third. Even with this loss, employment matched that of a year ago. The timber industry posted only a slight loss over the month, but employment remains several percentage points below year ago levels. This is not an indication that 1989 has been a bad year for the industry, but points out what an exceptional year 1988 was. In addition, it was unlikely that timber employment would post large employment gains given uncertainty about future Tongass legislation and concerns that world pulp markets, though still healthy, will soften somewhat in the future. The mining, transportation and service industries continue to post notable

Table 1

Nonagricultural Wage and Salary Employment By Place of Work

Alaska

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	215,900	222,800	209,000	-6,900	6,900
Mining	10,400	10,800	9,500	-400	900
Construction	8,500	10,500	7,900	-2,000	600
Manufacturing	11,700	13,500	11,900	-1,800	-200
Seafood Processing	4,500	6,100	4,600	-1,600	-100
Lumber & Paper Products	3,800	3,900	4,000	-100	-200
All Other Manufacturing	3,400	3,500	3,300	-100	100
Trans., Comm. & Utilities	17,600	18,400	16,700	-800	900
Trucking & Warehousing	2,200	2,200	2,100	0	100
Water Transportation	1,400	1,800	1,000	-400	400
Air Transportation	5,700	5,700	5,300	0	400
Communications	3,100	3,200	3,200	-100	-100
All Other Transportation	5,200	5,500	5,100	-300	100
Trade	43,400	44,100	41,900	-700	1,500
Wholesale	7,700	7,800	7,500	-100	200
Retail	35,700	36,300	34,400	-600	1,300
Gen. Merch. & Apparel	5,800	5,500	5,300	300	500
Food Stores	6,300	6,500	6,000	-200	300
Eating & Drinking Places	12,300	13,100	12,200	-800	100
All Other Retail	11,300	11,200	10,900	100	400
Finance, Ins. & Real Estate	10,500	10,500	10,500	0	0
Services	43,600	44,200	42,200	-600	1,400
Hotels & Other Lodging	4,300	4,600	4,000	-300	300
Government	70,200	70,800	68,400	-600	1,800
Federal	17,900	18,000	17,800	-100	100
State	21,400	21,700	20,400	-300	1,000
Local	30,900	31,100	30,200	-200	700

Notes: Prepared in cooperation with the U.S. Bureau of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988

p/ denotes preliminary estimates
r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Table 2

Nonagricultural Wage and Salary Employment By Place of Work

Anchorage Borough

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	104,450	106,250	100,150	-1,800	4,300
Mining	3,650	3,650	3,500	0	150
Construction	3,950	4,850	3,550	-900	400
Manufacturing	2,200	2,400	2,050	-200	150
Trans., Comm. & Utilities	9,900	10,100	9,050	-200	850
Trucking & Warehousing	1,450	1,500	1,450	-50	0
Water Transportation	700	800	350	-100	350
Air Transportation	3,500	3,450	3,250	50	250
Communications	1,850	1,850	1,750	0	100
All Other Transportation	2,400	2,500	2,250	-100	150
Trade	25,850	26,000	24,550	-150	1,300
Wholesale	5,900	5,950	5,800	-50	100
Retail	19,950	20,050	18,750	-100	1,200
Gen. Merch. & Apparel	2,900	2,800	2,700	100	200
Food Stores	3,100	3,100	2,800	0	300
Eating & Drinking Places	7,550	7,800	7,450	-250	100
All Other Retail	6,400	6,350	5,800	50	600
Finance, Ins. & Real Estate	7,000	6,950	7,150	50	-150
Services	25,600	26,050	24,200	-450	1,400
Government	26,300	26,250	26,100	50	200
Federal	10,150	10,100	10,300	50	-150
State	7,700	7,700	7,350	0	350
Local	8,450	8,450	8,450	0	0

Fairbanks North Star Borough

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	25,800	26,650	25,200	-850	600
Mining	100	150	100	-50	0
Construction	1,350	1,800	1,350	-450	0
Manufacturing	600	650	550	-50	50
Trans., Comm. & Utilities	1,800	1,950	1,800	-150	0
Trucking & Warehousing	400	400	400	0	0
Air Transportation	350	350	300	0	50
All Other Transportation	1,050	1,200	1,100	-150	-50
Trade	5,650	5,750	5,500	-100	150
Wholesale	700	750	700	-50	0
Retail	4,950	5,000	4,800	-50	150
Food Stores	800	850	800	-50	0
All Other Retail	4,150	4,150	4,000	0	150
Finance, Ins. & Real Estate	800	800	750	0	50
Services	5,650	5,650	5,500	0	150
Government	9,850	9,900	9,650	-50	200
Federal	2,800	2,800	2,750	0	50
State	4,300	4,300	4,200	0	100
Local	2,750	2,800	2,700	-50	50

Anchorage-MatSu Region

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	110,900	113,100	106,600	-2,200	4,300
Mining	3,650	3,650	3,500	0	150
Construction	4,150	5,100	3,800	-950	350
Manufacturing	2,300	2,550	2,200	-250	100
Trans., Comm. & Utilities	10,500	10,800	9,750	-300	750
Trade	27,400	27,650	26,100	-250	1,300
Finance, Ins. & Real Estate	7,400	7,350	7,500	50	-100
Services	26,800	27,300	25,200	-500	1,600
Government	28,700	28,700	28,550	0	150

Interior Region

	p/ 11/89	r/ 10/89	11/88	Changes from: 10/89	Changes from: 11/88
Nonag. Wage & Salary	29,550	30,600	28,700	-1,050	850
Mining	150	300	250	-150	-100
Construction	1,450	1,900	1,450	-450	0
Manufacturing	600	650	550	-50	50
Trans., Comm. & Utilities	2,100	2,300	2,050	-200	50
Trade	6,050	6,100	5,850	-50	200
Finance, Ins. & Real Estate	850	900	800	-50	50
Services	6,150	6,200	5,950	-50	200
Government	12,200	12,250	11,800	-50	400

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

(cont. on page 13)

Nonagricultural Wage and Salary Employment By Place of Work

Southeast Region

	p/ 11/89	r/ 10/89	Changes from: 11/88	10/89	11/88
Nonag. Wage & Salary	31,150	32,250	30,250	-1,100	900
Mining	300	300	200	0	100
Construction	1,050	1,300	1,150	-250	-100
Manufacturing	4,500	4,950	4,700	-450	-200
Seafood Processing	650	1,000	600	-350	50
Lumber & Paper Prod.	3,600	3,700	3,800	-100	-200
All Other Manufacturing	250	250	300	0	-50
Trans., Comm. & Utilities	2,300	2,350	2,200	-50	100
Trade	5,000	5,050	4,800	-50	200
Wholesale	550	500	450	50	100
Retail	4,450	4,550	4,350	-100	100
Finance, Ins. & Real Estate	1,050	1,050	1,000	0	50
Services	4,950	5,050	4,650	-100	300
Government	12,000	12,200	11,550	-200	450
Federal	2,050	2,100	2,000	-50	50
State	5,450	5,550	5,200	-100	250
Local	4,500	4,550	4,350	-50	150

Southwest Region

	p/ 11/89	r/ 10/89	Changes from: 11/88	10/89	11/88
Nonag. Wage & Salary	12,750	13,600	12,050	-850	700
Seafood Processing	2,000	2,400	1,650	-400	350
All Other Private	4,300	4,650	4,150	-350	150
Government	6,450	6,550	6,250	-100	200
Federal	1,300	1,300	1,300	0	0
State	550	550	550	0	0
Local	4,600	4,700	4,400	-100	200

Gulf Coast Region

	p/ 11/89	r/ 10/89	Changes from: 11/88	10/89	11/88
Nonag. Wage & Salary	19,200	20,650	18,500	-1,450	700
Mining	850	850	800	0	50
Construction	850	1,050	850	-200	0
Manufacturing	2,300	2,900	2,450	-600	-150
Seafood Processing	1,550	2,150	1,800	-600	-250
All Other Manufacturing	750	750	650	0	100
Trans., Comm. & Utilities	1,450	1,650	1,400	-200	50
Trade	3,700	3,850	3,550	-150	150
Wholesale	500	550	450	-50	50
Retail	3,200	3,300	3,100	-100	100
Finance, Ins. & Real Estate	500	550	550	-50	-50
Services	3,400	3,550	3,200	-150	200
Government	6,150	6,250	5,700	-100	450
Federal	600	600	550	0	50
State	2,000	2,100	1,800	-100	200
Local	3,550	3,550	3,350	0	200

Northern Region

	p/ 11/89	r/ 10/89	Changes from: 11/88	10/89	11/88
Nonag. Wage & Salary	14,350	14,750	13,350	-400	1,000
Mining	5,450	5,650	4,900	-200	550
All Other Private	4,100	4,250	3,900	-150	200
Government	4,800	4,850	4,550	-50	250
Federal	400	400	350	0	50
State	350	350	350	0	0
Local	4,050	4,100	3,850	-50	200

Notes: Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

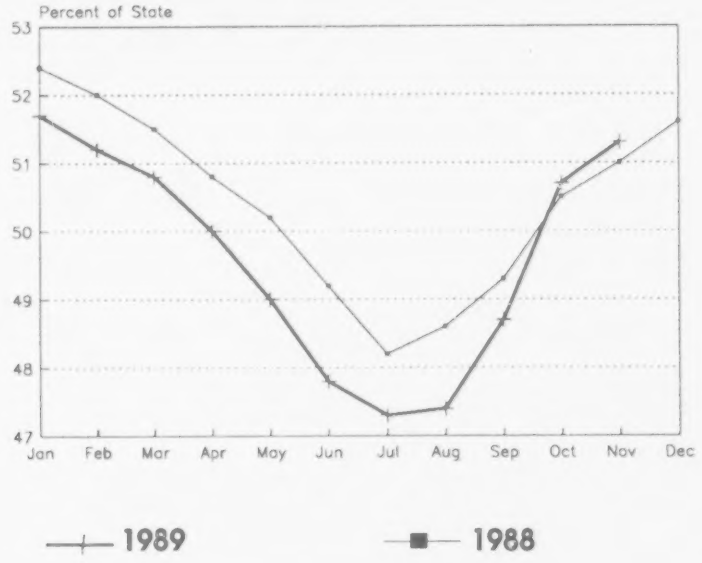
The employment numbers that appear above are definitionally different from those that appear in the Labor Force table.

Benchmark date: March 1988 p/ denotes preliminary estimates r/ denotes revised estimates

Source: Alaska Department of Labor, Research & Analysis Section.

Figure 1

Anchorage Employment As A Percentage of State Employment



Source: Alaska Department of Labor,Research & Analysis Section.

gains over the year, but the strength of the region's economy in 1988 gives the Southeast region the second lowest growth rate over the year at 2.9%.

Interior Alaska had the dubious honor as the region with the lowest over the year growth, at 2.7%. On a more positive note for the region, trade, services and government employment were all up over the year and only slightly down over the month.

Northern Region the Leader In Employment Growth

The state's Northern region had the greatest over the year gains, up nearly 8%. While oil extraction employment contributed the greatest number of jobs for the year, a major catalyst in the expansion was the Red Dog Mine project. As the major construction phase winds down, the number of miners employed is increasing. Increases in local government employment, mainly in education, helped boost employment by more than 1,000 compared to November 1988.

In the Southwest region seafood processing remains healthy, up 20% compared to year ago levels. As expected, employment in the industry is down over the month, accounting for nearly one-half of the 900 lost jobs. Most of the remaining decline came from the construction industry and government employment. Because of the seasonal nature of jobs in the region, over the month employment declined by over 6%. Still, the region posted about the same level of gains for the year, which translates into an additional 700 jobs in the region.

November Posts Seasonal Downturn But Shows A Growing Economy

November's employment, in terms of the number of jobs, followed expected trends. While levels were below those of last month in all industries, the state's economic strength kept them above levels of a year ago. The unemployment rate continues to be the

Table 3

Alaska Hours and Earnings for Selected Industries [1/2]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88
Mining	$1,043.84	$1,039.90	$1,091.39	46.6	46.8	48.1	$22.40	$22.22	$22.69
Construction	1,067.72	1,096.91	876.63	44.9	45.8	37.9	23.78	23.95	23.13
Manufacturing	571.61	568.23	604.24	40.8	40.3	45.5	14.01	14.10	13.28
Seafood Processing	376.66	329.78	422.18	41.3	36.4	50.5	9.12	9.06	8.36
Lumber & Paper Prod.	754.11	784.48	706.20	44.1	46.2	42.8	17.10	16.98	16.50
Trans., Comm. & Utilities	599.26	647.18	570.38	36.1	38.8	36.1	16.60	16.68	15.80
Trade	380.59	395.72	372.90	33.8	34.5	33.0	11.26	11.47	11.30
Wholesale	533.02	546.06	523.11	38.1	38.7	38.1	13.99	14.11	13.73
Retail	331.78	347.27	324.05	32.4	33.2	31.4	10.24	10.46	10.32
Finance-Ins. & R.E.	402.05	407.00	398.93	34.9	36.7	33.3	11.52	11.09	11.98

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: March 1988

1/ Prepared in cooperation with the Bureau of Labor Statistics, U.S. Department of Labor.

2/ Retail Trade excludes eating and drinking establishments.

Averages are based on data for full- and part-time production workers (manufacturing) and nonsupervisory workers (nonmanufacturing) and are for gross earnings and hours paid, including overtime pay and hours.

Source: Alaska Department of Labor, Research & Analysis Section.

lowest since before 1976 (the last year comparable numbers are available), and actually dropped slightly from the October rate. Much of this decline in the unemployment rate seems to be linked to the strength of the trade and services industries.

About the author:

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Table 4

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88	p/ 11/89	r/ 10/89	11/88
Alaska Statewide	237,617	236,791	240,703	16,408	16,855	22,011	6.9%	7.1%	9.1%	221,209	219,936	218,692
Anch.-MatSu Region	125,028	123,410	126,419	7,397	7,764	10,403	5.9	6.3	8.2	117,631	115,646	116,016
Anchorage Borough	110,984	109,348	111,942	5,573	5,965	8,141	5.0	5.5	7.3	105,411	103,383	103,801
MatSu Borough	14,044	14,062	14,477	1,824	1,799	2,262	13.0	12.8	15.6	12,220	12,263	12,215
Gulf Coast Region	24,979	25,549	25,037	2,736	2,592	2,949	11.0	10.1	11.8	22,243	22,957	22,088
Kenai Peninsula Borough	15,489	15,947	15,936	1,816	1,835	2,358	11.7	11.5	14.8	13,673	14,112	13,578
Kodiak Island Borough	5,719	5,722	5,311	591	429	219	10.3	7.5	4.1	5,128	5,293	5,092
Valdez-Cordova	3,771	3,880	3,790	329	328	372	8.7	8.5	9.8	3,442	3,552	3,418
Interior Region	33,875	33,844	35,530	2,934	2,942	4,628	8.7	8.7	13.0	30,941	30,902	30,902
Fairbanks North Star Bor.	29,147	29,165	30,497	2,351	2,403	3,735	8.1	8.2	12.2	26,796	26,762	26,762
Southeast Fairbanks	1,951	1,933	2,049	208	192	308	10.7	9.9	15.0	1,743	1,741	1,741
Yukon-Koyukuk	2,777	2,746	2,984	375	347	585	13.5	12.6	19.6	2,402	2,399	2,399
Northern Region	8,394	8,273	8,188	548	580	663	6.5	7.0	8.1	7,846	7,693	7,525
Nome	3,152	3,086	3,090	226	217	285	7.2	7.0	9.2	2,926	2,869	2,805
North Slope Borough	3,046	3,002	2,951	119	132	143	3.9	4.4	4.8	2,927	2,870	2,808
Northwest Arctic Borough	2,196	2,185	2,147	203	231	235	9.2	10.6	10.9	1,993	1,954	1,912
Southeast Region	33,846	33,918	34,267	2,266	2,380	2,766	6.7	7.0	8.1	31,580	31,538	31,501
Haines Borough	837	847	855	63	74	83	7.5	8.7	9.7	774	773	772
Juneau Borough	15,165	15,271	15,307	734	860	913	4.8	5.6	6.0	14,431	14,411	14,394
Ketchikan Gateway Bor.	6,195	6,245	6,326	413	470	558	6.7	7.5	8.8	5,782	5,775	5,768
Pr. of Wales-Outer Ketch.	2,581	2,614	2,669	244	280	338	9.5	10.7	12.7	2,337	2,334	2,331
Sitka Borough	4,073	3,975	4,052	298	205	286	7.3	5.2	7.1	3,775	3,770	3,766
Skagway-Yakutat-Angoon	1,597	1,584	1,650	197	186	253	12.3	11.7	15.3	1,400	1,398	1,397
Wrangell-Petersburg	3,398	3,382	3,408	317	305	335	9.3	9.0	9.8	3,081	3,077	3,073
Southwest Region	11,495	11,797	11,262	527	597	602	4.6	5.1	5.3	10,968	11,200	10,660
Aleutian Islands	3,209	3,263	3,136	65	52	80	2.0	1.6	2.6	3,144	3,211	3,056
Bethel	4,335	4,488	4,284	208	273	272	4.8	6.1	6.3	4,127	4,215	4,012
Bristol Bay Borough	425	437	431	18	21	36	4.2	4.8	8.4	407	416	395
Dillingham	2,084	2,125	2,003	123	123	97	5.9	5.8	4.8	1,961	2,002	1,906
Wade Hampton	1,442	1,484	1,408	113	128	117	7.8	8.6	8.3	1,329	1,356	1,291

Notes: p/ denotes preliminary estimates r/ denotes revised estimates Benchmark: 1988

- Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey in formulas used to allocate federal funds.
- Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor.
- The official definition of unemployment currently in place exclude anyone who has made no attempt to find work in the four-week period up to and including the week that includes the 12th of each month. Most Alaska economists believe that Alaska's rural localities have proportionately more of these discouraged workers.
- The employment numbers that appear above are definitionally different from those that appear in the Nonagricultural Wage & Salary Employment tables.

Source: Alaska Department of Labor, Research & Analysis Section.

Alaska Economic Regions